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DOCKET # 96-263

June 24, 1997

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of

Access Charge Reform

Price Cap Performance Review
for Local Exchange Carriers

Transport Rate Structure
and Pricing

Usage of the Public Switched
Network by Information Service
and Internet Service Providers

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-) CC Docket No. 96-262
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-) CC Docket No. 94-1
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-) CC Docket No. 91-213
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-) CC Docket No. 96-263✓
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To: The Commission

COMMENTS OF UTC

Pursuant to Section 1.415 of the Federal Communications Commission's (FCC) Rules, UTC, The Telecommunications Association (UTC), hereby submits its comments in response to the FCC's Notice of Inquiry (*NOI*) in the above-referenced proceeding to investigate whether additional changes to the interstate access charge structure are necessary due to the development of the internet and other information services. UTC urges the FCC to promote the development of information services by not applying access charges to these services.

UTC is the national representative on communications matters for the nation's electric, gas, water and steam utilities, and natural gas pipelines; UTC also represents other organizations which use communications to support essential public service obligations. UTC's members range in size from large combination electric-gas-water utilities which serve millions of customers, to smaller, rural electric cooperatives and water districts which serve only a few thousand customers each. Serving on UTC's Board of Directors are representatives from the following associations:

- American Gas Association
- American Public Power Association
- American Water Works Association
- Association of Edison Illuminating Companies
- Edison Electric Institute
- Interstate Natural Gas Association of America
- National Rural Electric Cooperative Association

Many of UTC's members rely on the internet and other information services in carrying out their public service operations. Utilities and pipelines use the internet to communicate among themselves and to provide important information to the public. Recently-promulgated regulations of the Federal Energy Regulatory Commission (FERC) require the use of the internet by utilities in communicating information necessary to introduce competition in the transmission of electricity.¹ Moreover, some of UTC's members operate as internet service providers, providing internet access directly to end-users. Therefore, UTC has an interest in this proceeding.

¹ FERC Docket No. RM95-9-000, Open Access Same-Time Information Systems (formerly Real-Time Information Networks) and Standards of Conduct, Final Rule at p. 88 (April 24, 1996).

As an initial matter, UTC would like to note its support for the FCC's tentative conclusion in the *Notice of Proposed Rulemaking (NPRM)* in this docket² that access charges should not be applied to internet and other information services.³ Although this conclusion was based on the FCC's determination that the current access charge structure includes non-cost based rates and inefficient rate structures that would be inappropriate for internet services, the FCC also noted the potentially detrimental impact that this charge would have on the "still-evolving information services industry."⁴ This consideration should be paramount in the *NOI*.

In the *NOI*, the FCC is investigating what policies would facilitate the development of high-bandwidth data networks while at the same time providing an incentive for investment in the underlying voice network.⁵ UTC recommends that the FCC avoid the application of access charges, under either the current structure or some future structure, to internet services. These services are evolving and should not be stifled by the imposition of new fees.

UTC urges the FCC to avoid dictating the terms and conditions surrounding the development of alternate information service networks. Applying access charges to internet services to help facilitate the development of alternate broadband networks is fraught with dangers. For instance, the imposition of access charges on information services may disproportionately affect information service users in rural areas where new broadband networks

² The *NPRM* was adopted contemporaneously with the *NOI*.

³ *NPRM* at para. 288.

⁴ *Id.*

⁵ *NOI*, at para. 311.

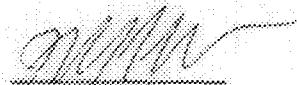
are least likely to be deployed. In these areas, the voice network will serve as the basis for access to internet and other information services for some time to come. The imposition of access charges may not spur development of new networks in these areas, it may just increase the cost of information services.

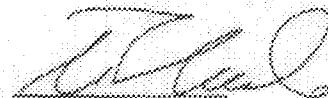
WHEREFORE, THE PREMISES CONSIDERED, UTC requests the Federal Communications Commission to take action in accordance with the views expressed in these comments.

Respectfully submitted,

UTC

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